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Intellectual Ammunition

On State and Local Issues

Potshots

A jury consists of twelve persons chosen to decide who has the better lawyer.

—Robert Frost

One-fifth of the people are against everything all of the time.

—Robert F. Kennedy

God heals, and the doctor takes the fees.

—Benjamin Franklin

It's more fun to arrive at a conclusion than to justify it.

—Malcolm S. Forbes

Liberty is the right to tell people what they do not want to hear.

—George Orwell

Risk-taking is inherently failure-prone. Otherwise, it would be called sure-thing-taking.

—Tim McMahon

Tomorrow is often the busiest day of the week.

—Spanish proverb

Everyone wants to live at the expense of the state. They forget that the state wants to live at the expense of everyone.

—Frederic Bastiat

It's not easy being green.

—Kermit the Frog

School Choice: Its Time Has Come

by Allyson M. Tucker and William F. Lauber

The Heritage Foundation's newly published survey, *School Choice Programs: What's Happening in the States*, shows that 1994 was a banner year for parents and students who support school choice. No major private school choice program was enacted, but many states are poised to pass school choice or charter school legislation in 1995.

Throughout the United States, strong pro-school choice candidates won public office in November. In Arizona, for example, legislator Lisa Graham, who played a prominent role in the recent fight for choice, ran for state superintendent of schools and won with 59 percent of the vote. Similarly, Frank Brogan of Florida, Anne Fox of Idaho, Linda Shrenko of Georgia, and Delaine Easton of California all won their states' top education posts as advocates of school choice.

Likewise, gubernatorial candidates supporting choice—including David Beasley of South Carolina, George W. Bush of Texas, George Pataki of New York, Tom Ridge of Pennsylvania, and John Rowland of Connecticut—were swept into office. And the governors who have fought actively for choice in their states handily won re-election, including Illinois's Jim Edgar, Michigan's John Engler, Arizona's Fife Symington, and Wisconsin's Tommy Thompson.

Many new state legislators, state board of education members, and local school board members who supported choice also were elected in almost every state in the November landslide. Few school choice advocates lost their bids for re-election. School choice advocates control state legislatures in Arizona, Connecticut, Illinois, and South Carolina, among others.

School choice is often a bipartisan issue. For example, Republican majorities in South Carolina and Wisconsin have made Democrats Ron Townsend and Annette "Polly" Williams, both advocates of school choice, chairpersons of their legislatures' education committees.

States Seize the Moment

Those results mean many new opportunities for choice in the states in 1995. They also will permit states to solidify gains made in 1994. For example, in 1994 the Arizona state legislature came within three votes of passing a statewide school choice program, and the Connecticut House deadlocked on the choice issue 71 to 71. The gains made in those legislatures in

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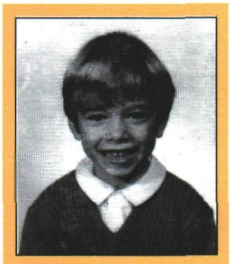

Matthew J. Nutting
Art Director (1971)

News from the Heartland

by Joseph L. Bast
Publisher

A Year for School Choice

Nineteen-ninety-five may go down as a pivotal year in the history of American education. For years, school choice (or "vouchers") was little more than a distant goal. Academics and grassroots activists saw in choice a way to motivate parents, to match students to the schools most suited to their special needs, and to reward performance and innovation. Despite its promise, legislators around the country were unwilling to concede that the old system had failed and that something new was needed. Teachers unions, usually with the backing of compliant school boards, easily turned back efforts to allow competition and choice.

Last November's elections achieved what decades of research and persuasion did not. As Allyson Tucker and William Lauber, education policy analysts at The Heritage Foundation, explain in this month's cover article, legislators in states across America are now backing legislation that would break America's public school monopoly.

The next two years will be critical for the school choice movement, as choice bills will likely become law in a number of states. Choice proponents believe that a breakthrough anywhere will trigger the spread of such programs from coast to coast. Given the popularity of Milwaukee's pilot program and Vermont's voucher program of long standing, such predictions may be on target.

Even if legislative victories come more slowly than hoped, the trend toward privatization appears unstoppable. More school districts are experimenting with private management and contracting out support services. And as Tucker and Lauber point out, some of the most successful educational choice programs to date have no ties whatsoever to government.

Past issues of *IA* have championed educational choice and chronicled its progress, and this issue is no exception. For example, see Joseph Walsh's column on page 5, and the research reviews beginning on page 13.

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November may well push choice over the top in 1995.

School choice already tops the list of educational priorities for 1995 in several states. For example, in early February, the Illinois House Education Committee approved legislation permitting an experimental choice program. The program, limited to two thousand inner-city Chicago students, cleared the committee by a margin of six to four. (The bill was narrowly rejected by the Illinois legislature.) Similar efforts are underway in Wisconsin, where the governor and legislature are determined to expand the successful Milwaukee Parental Choice Program.

In Texas, the Senate Education Committee is considering a sixty-district pilot school choice project. In New Hampshire, the Senate Education Committee is debating legislation that would create charter schools and public school choice. Other states to watch in 1995 include Arizona, Connecticut, Florida, New York, Ohio, and Pennsylvania.

School choice advocates also can look for action by the United States Congress in 1995. As a result of the November elections, members in both chambers are discussing various ways in which the federal government can help states implement choice. One possibility is to use a portion of the Chapter One program, the largest program of federal aid to poor elementary and secondary school children, for vouchers. Another is to revisit the *Goals 2000* legislation passed in 1994. If lawmakers choose to keep the program, they might either add implementation of school choice to the list of "activities" eligible for federal funds, or give the *Goals 2000* money back to the states in the form of block grants that can be used for choice demonstration projects.

Members of Congress who want to improve educational opportunities for low-income children also are thinking about adding a school choice component to the new federal welfare legislation.

> *In 1994 the Arizona state legislature came within three votes of passing a statewide school choice program, and the Connecticut House deadlocked on the choice issue 71 to 71. The gains made in those legislatures in November may well push choice over the top in 1995.*

Private Funds for Private Schools

The growing number of school choice programs sponsored and funded by corporations, private individuals, and charitable organizations was one of the more important developments in 1994. The oldest such program, the Student-Sponsor Partnership, founded in New York City by businessman Peter Fanigan, has been awarding full scholarships to poor children to attend private schools since 1986.

> *The growing number of school choice programs sponsored and funded by corporations, private individuals, and charitable organizations was one of the more important developments in 1994.*

In 1991, Golden Rule Insurance Company CEO J. Patrick Rooney created the Choice Charitable Trust to give poor Indianapolis children scholarships they can use at the school of their choice. The Golden Rule Program has inspired additional private sector programs in 15 cities, including Atlanta, Milwaukee, San Antonio, and Little Rock. In 1994, over six thousand children could attend the private school of their choice because of the generosity of businesses and individuals. Nearly 12,000 children are on waiting lists for these innovative programs.

The number of privately funded choice programs is likely to increase again in 1995, thanks to new funding commitments made last year. For example, the Texas Public Policy Foundation, which runs the private voucher program in San Antonio, recently received an anonymous $2 million challenge grant. That money is to be used for matching purposes with locally raised startup dollars in cities where either a small program exists or there is strong interest in starting one. On hearing of the challenge grant, the Texas Public Policy Foundation decided to form a new project to help establish similar programs nationwide. That new organization, the Children's Educational Opportunity Foundation America (CEO America), was formed in May to expand and replicate private voucher programs throughout the country. Besides giving poor children an alternative to unsuccessful local public schools, these programs can serve as working models for private school choice as a practical, affordable alternative.

A Bright Future

School choice legislation was introduced or pending in 25 states in 1994. Some forty state governors have indicated support for school choice, up from 33 in 1993. At least 41 states have significant parents and grassroots coalitions working for school choice, ten states have implemented charter school legislation, and many additional states will consider charter school legislation in 1995. Several thousand low-income students were able to attend the school of their choice in 1994 under one of 16 privately sponsored voucher programs based on the Golden Rule model. That's up from 15 private programs in 1993, six in 1992, and two in 1991. Similar efforts are being planned in at least six other cities. In addition, at least 12 alternative programs around the country offer tuition aid for nongovernmental schools.

Allyson M. Tucker is manager of The Heritage Foundation's Center for Educational Law and Policy. William F. Lauber is an education policy research assistant at The Heritage Foundation. This article is adapted from their new guide to educational choice, *School Choice Programs: What's Happening in the States* (The Heritage Foundation, 1995). **Excerpts of that document are available on the *PolicyFax* system by calling 510/208-8000 and ordering document #2184302 (see the back cover of *IA* for more information about how to use *PolicyFax*).**

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Uncovered

Robert V. Pambianco

End Special Treatment for the National Education Association

Many know that the federal deficit is the most important fiscal crisis facing Congress. Fewer people may realize that Washington, D.C.—after years of runaway spending, mismanagement, patronage, graft, and corrupt or feckless political leadership—is broke too. Controlling the city's spending will require an austerity and sense of responsibility previously unheard of in District affairs.

On April 17, President Clinton signed legislation creating an independent oversight board with broad powers to control D.C. finances. We have one suggestion for the new control board. It will not pain local taxpayers but will raise revenues for the cash-strapped city. The only problem is that it will offend a rich and powerful special interest: the National Education Association.

The National Education Association (NEA) pays no property taxes on its sprawling Washington office complex (assessed at $65 million) that fronts most of 16th Street between Scott Circle and M Street, six blocks up from the White House.

The National Education Association (NEA) pays no property taxes on its sprawling Washington office complex (assessed at $65 million) that fronts most of 16th Street between Scott Circle and M Street, six blocks up from the White House.

How could that be? The enormous teachers union is exempt from paying D.C. property taxes by act of Congress. It is one of a handful of corporations with special federal charters. Those corporations include the American Red Cross, AMVETS, American Legion, American War Mothers, the Boy Scouts of America, and Disabled American Veterans.

Such distinctive treatment has been justified by the argument that certain organizations serve a particularly benevolent or essential public purpose. That may have been true for the NEA in 1907 when Congress chartered it as an organization dedicated to the cause of education. But relations between the nexus of education, the public school system, and teachers have grown increasingly strained; and, in any event, the NEA long ago ceased to be a member organization representing disinterested professionals.

The NEA long ago ceased to be a member organization representing disinterested professionals.

The Internal Revenue Service apparently agreed. In 1978, the IRS reclassified the NEA as a labor union. A federal court reaffirmed the IRS decision one year later.

Besides being the world's largest labor union, the NEA is also recognized as a highly partisan, big-money machine committed to electing candidates who support the political and social causes of the left. In recent years NEA members regularly have been the largest single bloc of delegates to the Democratic National Convention.

The special treatment of the NEA cannot be defended. As Charlene Haar, Myron Lieberman, and Leo Troy explain in their book, *The NEA and the AFT: Teacher Unions in Power and Politics* (1994), the NEA's union status and lobbying activities "violate both the spirit and intent of the purpose under which [its] tax exemption was granted."

Repealing the NEA's tax privilege would appear eminently sensible and entirely unlikely. However, policy changes that were unimaginable in Washington just six months ago have suddenly become politically feasible. On March 3, 1995, Rep. Robert K. Dornan (R-Calif.) introduced the Integrity in Government Act. Among other reforms, the act calls for repeal of the NEA's congressional charter.

If Congress refuses to revoke the charter, there may be another way to end the tax exemption. Haar, Lieberman, and Troy contend that an appropriate D.C. authority (perhaps the new oversight board) could rule that the NEA's current activities are in conflict with the conditions under which its tax exemption was originally granted.

Placing the NEA on the same playing field as other D.C. property owners would send a clear signal that the District is serious about restoring fiscal responsibility. Besides, the NEA—with its $170 million national budget and chapters in all fifty states—can afford it.

Robert V. Pambianco is editor of *Organization Trends*, a publication of the Capital Research Center, 727 15th St. NW, Eighth Floor, Washington, DC 20005-1599; 202/393-2600 fax 202/393-2626.

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Joseph Walsh

More Choice, Less Regulation Means Better Education for Children

"With so many states now in a position to enact some form of school-choice legislation, careful study of existing programs is an imperative," says Janet Beales, policy analyst with the Reason Foundation and coauthor of a recent study analyzing school choice programs.

The January 1995 study, "Given the Choice: A Study of the PAVE Program and School Choice in Milwaukee" (Reason Foundation), assessed performance gains, demographics, parental satisfaction, and attrition rates for two school choice programs in Milwaukee—one legislatively enacted and the other privately funded and operated. The study reaffirms the belief that low-income students perform better academically in private schools than in public schools.

Students in the privately funded, comparatively unregulated school choice program, Partners Advancing Values in Education (PAVE), so far have consistently scored higher on standardized tests than have students in either the Milwaukee Parental Choice Program (MPCP) or the Milwaukee Public Schools. (The students in the two choice programs come from nearly identical economic and family backgrounds.) It is also important to note that students in the MPCP scored consistently higher than did comparable students in the public schools.

"School-choice programs can be designed in many different ways," says Beales. "Our findings suggest that the earlier parents are given the choice of schools, the better their children will perform. Likewise, the fewer regulatory restrictions placed on choice, the more students will have the opportunity to choose a school that meets their needs."

The fewer regulatory restrictions placed on choice, the more students will have the opportunity to choose a school that meets their needs.

Legal Update in Milwaukee

A U.S. District Court for Wisconsin's eastern district has rejected a challenge filed by the Landmark Legal Foundation, which, representing a group of parents, alleged that the current school choice program in Milwaukee was unconstitutional because it discriminated against religious schools. (The Milwaukee choice program does not currently allow parents to choose to send their children to religious schools.)

The district court, proceeding one step further, ruled that the program would be unconstitutional if it were altered to include religious schools. In making its decision, the court did not review Wisconsin Governor Tommy Thompson's proposed expansion of the voucher program, nor did it hear arguments from individuals supporting the program.

The Washington, D.C.-based Institute for Justice has extensively reviewed this case for voucher advocates around the country and comments that if Governor Thompson's proposal were enacted, low-income families in Milwaukee would have the choice to direct their children's state education funding toward tuition for public, private, or religious schools. No state funds would be paid to religious schools except upon decisions made by parents. The Supreme Court has never struck down a truly neutral educational aid program in which funding decisions were made by parents.

Advocates of educational choice believe the proposed expansion of the Milwaukee choice program ultimately will survive constitutional challenge because it would meet the three necessary legal criteria: 1) parents, not the state, would decide which school would be attended; 2) the program would not create a financial incentive for parents to choose private over public schools; and 3) the program would not create an ongoing state presence in religiously affiliated schools.

U.S. Public Schools Get Mediocre Grade . . . Again

An annual survey of the U.S. economy, conducted by the Organization for Economic Cooperation and Development (OECD) and released late in 1994, has concluded that market-oriented educational alternatives such as school choice or vouchers would be worth trying, since it appears that current government educational bureaucracies may not be capable of changing.

OECD, an organization of countries that promotes economic growth and world trade, rates the U.S. education system "mediocre at best" when stacked up against school systems in other countries. "Scores are low in international comparative testing," the OECD reports, "and dropout rates for some ethnic minorities are high, despite the absence of even moderately rigorous exit requirements."

The report concludes by noting that parents, prospective employers, and institutions have no clear idea about the best way to evaluate students' current individual academic performance in the public schools.

CENTER FOR REBUILDING AMERICA'S SCHOOLS

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Environment

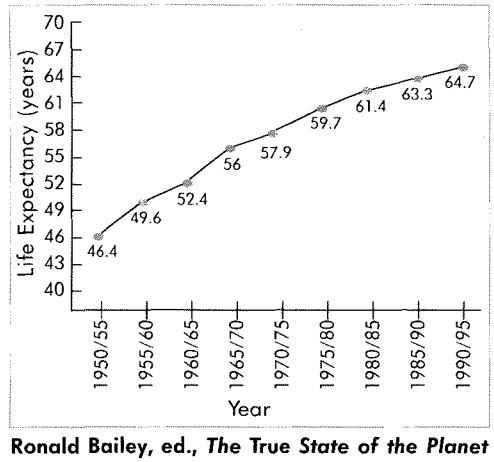
Jonathan H. Adler

The *True* State of the Planet

Environmental lobbying organizations seem preoccupied with visions of man-made ecological catastrophe. Each year the Worldwatch Institute publishes a *State of the World* report that purports to document the planet's deteriorating environmental condition. Michael Oppenheimer of the Environmental Defense Fund, for example, compares the earth to a truck careening down a highway about to plunge over the rail and into the abyss. On the basis of such predictions policymakers are called upon to enact costly new regulatory programs that can cause tremendous economic and social dislocations.

Yet although some environmental problems still exist, the earth is a long way from catastrophe. Indeed, in most respects environmental trends are getting better, not worse, and in many cases environmental regulations had little to do with the improvement. These facts are documented in the Competitive Enterprise Institute's new book, *The True State of the Planet*, edited by Ronald Bailey. Among the environmental successes that should be celebrated are the following:

Average Worldwide Life Expectancy



Ronald Bailey, ed., *The True State of the Planet*

• In most developed countries ambient levels of sulfur dioxide and particulates in the air have been decreasing.

• Forested areas in the world's temperate regions are increasing in size and net growth.

• The United States has achieved no net loss of wetlands; in fact, in the 1990s more wetlands have been created than have been converted to other land uses.

• Life expectancy worldwide has more than doubled in the twentieth century.

• Food is more abundant and less expensive today than ever before in human history.

It is also important to recognize that many of the environmental concerns voiced by activists have been overstated. For example, predictions of a catastrophic global warming caused by human activity are not supported by the available scientific evidence. Satellite-based temperature measurements, the most accurate temperature measurements available, have detected no warming trend over the past 15 years. Although there is concern about the impact of industrial chemicals on human health, pollution appears to account for less than 1 percent of human cancer. People are at a greater risk for cancer as a result of unhealthy behavior, such as smoking or an unhealthy diet, than they are from industrial pollution.

Past environmental progress is important, but we must also ensure that such progress continues into the future. One of the greatest hopes for further environmental improvements is technological advance. Technological improvements reduce the environmental impact of industrial production and lower the costs of maintaining a clean environment. For example:

• Technological advances have greatly enhanced energy efficiency; energy consumption per unit of gross domestic product has declined dramatically in developed countries over the past twenty years.

• Using modern silvicultural techniques, the world's current industrial wood needs can be met using only 5 percent of the world's total current forestland.

• Modern agricultural methods, such as conservation tillage and no-till farming, are capable of reducing soil erosion by 65 percent and 98 percent respectively.

• Increased aquaculture production could lessen the pressures that encourage overfishing; aquaculture production increased by over 60 percent between 1984 and 1991.

It is well documented that "richer is cleaner." As nations become wealthier, there are more resources to devote to environmental concerns such as air and water quality. The best thing concerned policymakers can do to promote further environmental progress is encourage economic and technological advance and the spread of free market institutions.

Copies of *The True State of the Planet*, published by The Free Press, are available in bookstores now.

CEI

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Health Care

Michael D. Tanner

Medicare: A Fundamentally Flawed System in Need of Reform

Ask almost anyone in Washington about the health of the Medicare program and they will give you the same answer: it's in crisis, nearing bankruptcy, and dragging the country ever further into debt. But ask the same people what should be done to fix the system and you are likely to receive only blank stares, an occasional mumble about managed care, and an attempt to blame the other party.

The crisis in Medicare is very real. According to the government's own actuaries, the Hospital Insurance Trust Fund, which finances Medicare Part A, will be broke by the year 2002. Medicare Part B, which pays for physician services, diagnostic tests, and other outpatient services, is funded through general revenues and premiums from the elderly and therefore cannot go broke. But its rapidly escalating costs may bankrupt the country.

Fundamental Flaws

Medicare is fundamentally unsustainable because of two irresistible trends: demographics and technology. America is growing older, because of both the aging of the baby-boom generation and longer life expectancies. The older people become, the more, and the more expensive, health care they consume. Medical treatments and technologies exist today that were not even dreamed of when Medicare was conceived. Those new treatments and technologies have saved lives and increased the quality of life, but they have also undeniably increased the cost of health care. The combination of an aging population and expensive medical technology guarantees that the cost of Medicare will continue to spiral upward.

If the Medicare system does not undergo serious systematic reform, disaster beckons. Unfortunately, the reforms currently being discussed in Washington are unlikely to solve the system's fundamental flaws.

In addition, Medicare suffers from the problems inherent in any third-party payment system. Numerous studies have demonstrated that individuals will spend more on health care services if someone other than the consumer is bearing the cost. The deductible levels for Medicare are extremely low. Thus, the elderly have little incentive to be good consumers and avoid unnecessary expenses or seek the best deal for their dollar.

Finally, Medicare Part A suffers from the same inherent problems of other pay-as-you-go systems, including Social Security. In a pay-as-you-go system, today's benefits to the old are paid by today's taxes from the young. Tomorrow's benefits to today's young are to be paid by tomorrow's taxes from tomorrow's young.

If the benefits paid to each recipient approximated the amount that that worker had previously paid in taxes, there would be no problem. However, each Medicare Part A recipient currently receives $5.19 in benefits for every dollar contributed. Therefore, like a chain letter or pyramid scheme, the Health Insurance Trust Fund depends on having a large pool of workers paying into the system for each recipient taking out of the system. Unfortunately, the ratio of workers to recipients has been steadily declining. Today there are almost five working-age persons for each person over 65. By the year 2030, when today's workers have retired and our children are in their prime working years, there will be fewer than three working-age persons for each person over 65.

Of course, it is theoretically possible to keep the Trust Fund solvent by radically increasing the payroll tax. But estimates indicate that the current 2.4 percent combined employer-employee tax may have to be increased to as much as 8 to 10 percent, taking an enormous toll on the American economy and employment. Previous increases in the payroll tax have resulted in losses of between 500,000 and 900,000 jobs and reduced the Gross National Product by as much as $25 billion.

The problem with Medicare Part B is no less serious. Approximately 75 percent of Medicare Part B is funded from general federal revenues, while about 25 percent is financed through premiums paid by beneficiaries. Since the program began, premiums have increased by a phenomenal 1,800 percent! At the same time, general revenue contributions have increased from $600 million in 1966 to nearly $40 billion in 1995. If the current rate of spending growth is not reduced, by the year 2010, federal spending on Medicare Part B alone will be equal to more than 2 percent of the nation's Gross Domestic Product.

If the Medicare system does not undergo serious systematic reform, disaster beckons. Unfortunately, the reforms currently being discussed in Washington are unlikely to solve the system's fundamental flaws.

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Law

Nina Shokraii

Barriers Confronting Interracial Adoption

Advocates of welfare reform and affirmative action ought to take a nice long look at the current state of interracial adoption in the United States. An efficient, compassionate adoption system promises relief from a whole range of welfare problems confronting us, yet it is being marginalized today for the most un-American of reasons: race.

The tragedy is that although there is a shortage of families of color waiting to adopt children, there is an excess of prospective white parents eager to take on the responsibility. Current adoption practices, however, work both formally and informally to prevent white parents from adopting minority children. It takes twice as long for a white family to adopt a black child than to adopt a white child or a child from abroad. Although federal, state, and local laws actively prohibit discrimination on the basis of race for an entire range of activities, race can and is used as a basis of discrimination in adoption cases.

Consider the experience of William and Patricia Mandel. The San Francisco Department of Social Services (DSS) was all too willing to place in their foster care Robyn, a black infant born with cocaine and barbiturates in her blood. Yet over a year later, when the Mandels hoped to make Robyn a permanent part of the family, the DSS flatly refused because the Mandels were "not ethnically or racially matched" with the child. Fortunately for the Mandels and Robyn, the family had the time, money, and patience to fight the system, and they eventually won Robyn's custody two years later. Many will not be so fortunate.

Adoption laws in every state allow race to be a factor in considering the placement of a child in an adoptive home. Policymakers and social workers across the country are working to prevent cross-race adoptions, which they claim will result in cultural genocide. The National Association of Black Social Workers (NABSW) pledges to "affirm the inviolable position of black children in black families where they belong physically, psychologically, and culturally in order [to] receive the total sense of themselves and develop a sound projection of their future." Yet when there aren't enough black families to adopt black children, the NABSW is left to explain how black children shuffled from one foster home to another can be expected to develop "a total sense of themselves" and "a sound projection of their future."

Tragically, the NABSW would rather confine the children they claim as their "cultural own" to a life in foster care than free them to white families—despite studies that have shown how successful interracial adoption can be. One such study conducted by Rita Simon, professor at American University, shows that children of interracial adoptions grow with the same sense of pride and develop the same family relationships as birth children raised in the same households. In placement decisions, Simon proposes substituting "race" with "best interest of the child" as a prerequisite for adoption.

> *The real question is not whether interracial adoption will result in cultural genocide, but whether we are going to continue to prevent children from being raised in loving families simply because they happen to be the "wrong" color.*

For all of the above reasons, the Institute for Justice has filed lawsuits in Texas and Tennessee representing the millions of children in foster care who are being denied loving homes, solely on the basis of race. In Austin, Texas, the Institute has filed a class action suit against the Texas Department of Protective and Regulatory Services (DPRS), the state agency charged with protecting abandoned and neglected children. The Institute represents Matthew and Joseph, the two foster children that Lou Ann and Scott Mullen have been trying to adopt. The two boys represent a class of non-white children in DPRS custody who are delayed or denied adoptive placement in qualified homes.

In Memphis, Tennessee, the Institute joins as co-counsel an ongoing federal class action suit, *Reisman v. Tennessee Dept. of Human Services*. The lawsuit, brought on behalf of all children in the custody of the Department of Human Services, alleges that the state is creating separate pools of prospective adoptive families and children in need of homes by using race as a criterion.

It is time for adoption agencies to stop discriminating against children and parents based on their race and to start finding suitable homes for children in need of a loving family. The real question is not whether interracial adoption will result in cultural genocide, but whether we are going to continue to prevent children from being raised in loving families simply because they happen to be the "wrong" color.

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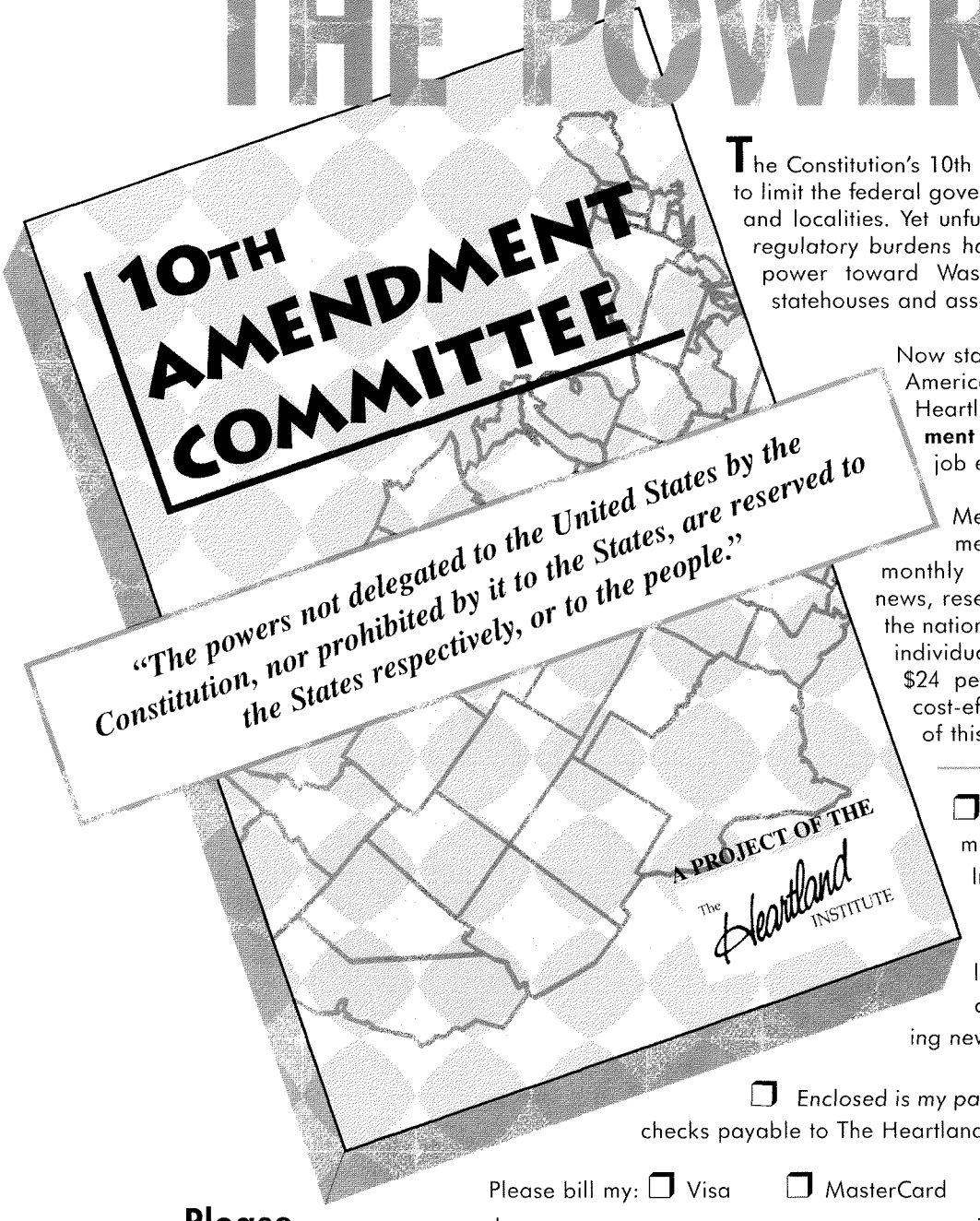
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Privatization

John O'Leary & William Eggers

Sewage Success Story: Indianapolis Privatizes Waste Water Treatment

After assuming the operation of Indianapolis's wastewater facilities on January 31, 1994, the White River Environmental Partnership (WREP) has been successful in lowering costs and increasing quality of service.

When Indianapolis finalized the contract, the city expected to save a little more than $65 million over five years. Today, WREP is well ahead of schedule, saving an additional $1.7 million in 1994. The contractor has achieved these savings by centralizing planning, computerizing maintenance, consolidating inventory, and improving response time to vendors—which resulted in additional cost discounts for prompt payments.

There has also been a drop in employee grievances filed last year. "Amazingly enough, grievances dropped from 38 in 1993 to one in 1994," said Indianapolis Mayor Stephen Goldsmith in a recent speech to the city council.

Water quality has also improved since WREP took over. When the city operated the wastewater treatment plants, there were seven exceedences of effluent standards. Last year, under WREP's management, there was only one. Public Works Director Mike Stayton told the *Indianapolis News*, "The water quality has been equivalent or better than [what] we enjoyed historically."

After assuming the operation of Indianapolis's wastewater facilities on January 31, 1994, the White River Environmental Partnership has been successful in lowering costs and increasing quality of service.

Prospects for Federal Privatization

Senior leaders at both ends of Pennsylvania Avenue are endorsing privatization of federal assets and services.

This year, the House Budget Committee under Rep. John Kasich (R-Ohio) will produce an ambitious privatization package that may pass. Their budget is expected to include a proposal to privatize the air-traffic control system and make it wholly user-fee funded, to end subsidies for the Corporation for Public Broadcasting, and to sell off at least one of the five regional power marketing authorities—holding companies of dams and other electrical power plants. Amtrak's subsidies also are likely to be reduced.

At the White House, Vice President Al Gore's National Performance Review is the major vehicle for government reform of the Clinton Administration. Soon after the November election, Gore announced a change in direction of the National Performance Review. In December, Gore told *USA Today* his goals for 1995:

> We hope to accelerate the elimination of unnecessary bureaucracy and red tape within the federal government. We hope to shift the emphasis of every department and agency to customer service. . . . And third, we will be bold in eliminating things that don't work, that have outlived their usefulness, that can be done better by the private sector or by state and local governments and in the process will save money.

The focus on eliminating unneeded programs represents a departure from the original effort of the National Performance Review. Its original report, released in September 1993, explained that "The National Performance Review focused primarily on *how* government should work, not on *what* it should do. Our job was to improve performance in areas that policymakers had already decided the federal government should play a role." The Republican effort is greatly helped by Clinton's support for a number of privatization ideas.

Private Company to Run a Pennsylvania Public School

Last month, the Wilkinsburg, Pennsylvania school board voted to hire Alternative Public Schools (APS), a for-profit private management company, to run one of the area's four public schools. The school, located in an economically depressed town near Pittsburgh, is scheduled to open in September 1995 under the new arrangement.

The contract explicitly gave potential providers the option to work with the existing Wilkinsburg teaching staff or select their own. APS has drawn fire from the local teachers union for choosing the latter option to hire its own principal and team of thirty teachers.

The Nashville-based APS was one of 16 original candidates that had expressed interest in running the school.

John O'Leary and William Eggers are privatization experts at the Reason Foundation, 3415 South Sepulveda Boulevard #400, Los Angeles, CA 90034; 310/391-2245, fax 310/391-4395.

Reason Foundation

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Taxes

Stephen Gold

State Tax Freedom Days Shift in 1995

Tax Freedom Day arrives May 6 in 1995, which means that the average American must work 126 days this year to pay all federal, state, and local taxes, assuming every dollar earned from the beginning of the year goes to pay taxes. This year's date ties last year's—which was revised upward a day due to changes in government data—for the latest Tax Freedom Day ever.

In his *Special Report* titled "Tax Freedom Day 1995," Tax Foundation economist Patrick Fleenor lists Tax Freedom Days by state. Though the average tax obligation amounts to 126 days this year, residents of some states will work later while others get off the hook earlier. The Northeast tends to have the highest tax burden, with residents of Connecticut, New York, New Jersey, Vermont, Rhode Island, and Pennsylvania claiming six of the top ten spots in the State Tax Freedom Day list. New York and Connecticut residents will work the most number of days, 144, to achieve tax freedom—all the way to May 24.

While the Northeast dominates the top ten in terms of tax burden, the Southeast dominates the bottom ten. Residents of Mississippi, Tennessee, Alabama, South Carolina, Georgia, Louisiana, and North Carolina all rank among the least taxed in the nation. Alaska, however, has staked a claim to the earliest Tax Freedom Day in 1995; residents of that state celebrated Tax Freedom Day on April 14.

Thirteen states saw their Tax Freedom Days occur later, while twenty states saw their dates fall back. Alaska enjoyed the most significant change, with Tax Freedom Day falling six days earlier this year. Five states witnessed two-day jumps forward: Connecticut, New Jersey, Pennsylvania, California, and New Hampshire.

An alternative measure of the tax burden is the "tax bite in the eight-hour day," the part of each eight-hour workday needed for a worker to earn enough to meet his or her tax obligations. In 1995, the national tax bite is two hours and 45 minutes. Taxes remain the single largest category of personal expenditures, with federal taxes alone claiming one hour and 49 minutes of that time. American workers spend more of their day working to pay taxes than they do on food, clothing, and housing combined (two hours and 33 minutes).

State Tax Freedom Days: 1994 versus 1995

	1994	1995	1995 Rank		1994	1995	1995 Rank
United States	May 6	May 6	—	Maine	May 1	May 2	26
Connecticut	May 22	May 24	1	New Mexico	May 2	May 1	27
New York	May 24	May 24	2	Wyoming	May 2	May 1	28
New Jersey	May 16	May 18	3	Arkansas	May 1	May 1	29
Hawaii	May 16	May 17	4	Kentucky	May 1	May 1	30
Minnesota	May 14	May 14	5	Arizona	May 1	May 1	31
Wisconsin	May 12	May 11	6	Colorado	May 1	Apr 30	32
Washington	May 11	May 11	7	Idaho	May 1	Apr 30	33
Vermont	May 10	May 11	8	Montana	May 2	Apr 29	34
Rhode Island	May 9	May 10	9	Virginia	Apr 29	Apr 29	35
Pennsylvania	May 8	May 10	10	Indiana	Apr 29	Apr 28	36
California	May 7	May 9	11	Oklahoma	Apr 29	Apr 28	37
Massachusetts	May 7	May 8	12	Utah	Apr 29	Apr 27	38
Illinois	May 7	May 8	13	West Virginia	Apr 27	Apr 27	39
New Hampshire	May 5	May 7	14	Nevada	Apr 29	Apr 27	40
North Dakota	May 6	May 7	15	North Carolina	Apr 27	Apr 27	41
Iowa	May 8	May 6	16	South Dakota	Apr 27	Apr 27	42
Nebraska	May 4	May 5	17	Georgia	Apr 27	Apr 26	43
Oregon	May 5	May 4	18	Louisiana	Apr 29	Apr 26	44
Kansas	May 4	May 4	19	South Carolina	Apr 26	Apr 25	45
Ohio	May 4	May 4	20	Missouri	Apr 25	Apr 25	46
Maryland	May 3	May 3	21	Alabama	Apr 23	Apr 23	47
Delaware	May 3	May 3	22	Tennessee	Apr 24	Apr 23	48
Florida	May 2	May 2	23	Mississippi	Apr 19	Apr 17	49
Texas	May 3	May 2	24	Alaska	Apr 20	Apr 14	50
Michigan	May 3	May 2	25	District of Columbia	May 19	May 18	—

Tax Foundation

TAX FOUNDATION

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Welfare

Robert Rector & William Lauber

Lured by the Welfare State

Nearly 738,000 lawful non-citizen residents receive aid from the Supplemental Security Income (SSI) program. That's up from 127,000 in 1982—a 580 percent increase in just 12 years. The overwhelming majority of non-citizen SSI recipients are elderly. Most apply for welfare benefits within five years of arriving in the United States. In addition to SSI benefits, nearly all SSI recipients also qualify for Medicaid.

If the current trends of growth in the SSI program continue, the United States will have more than three million non-citizens on SSI within ten years. Without reform, the total cost of SSI and Medicaid benefits for elderly non-citizen immigrants will amount to over $328 billion over the next ten years. Annual SSI and Medicaid benefits for these individuals will reach over $67 billion in 2004. Even with the implausible assumption that the current rapid increase of non-citizen recipients will halt and the number of elderly immigrants receiving benefits will remain at current levels, U.S. taxpayers would still pay over $127 billion over the next ten years in SSI and Medicaid benefits for resident aliens.

> *Immigration should be open to individuals who wish to come to the United States to work and be self-sufficient. However, immigration should not become an avenue to welfare dependence.*

The U.S. welfare system is rapidly becoming a deluxe retirement home for the elderly of other countries. That is because many individuals are now immigrating to the United States in order to obtain generous welfare that far exceeds programs available in their country of origin. Overall, non-citizens are among the fastest-growing groups of welfare dependents.

The data show that welfare is becoming a way of life for elderly immigrants. An analysis of elderly immigrants in California by Professor Norman Matloff of the University of California at Davis shows that 45 percent received cash welfare in 1990. Among Russian immigrants, the figure is 66 percent; among Chinese, 55 percent. Worse, the trend is accelerating. Recent immigrants are far more likely to become welfare dependents than are those who arrived in the United States in earlier decades.

Dr. Matloff's research demonstrates that immigrants have a high degree of awareness of welfare policies and procedures. Besides word-of-mouth among immigrants, sources in foreign countries as well as in the United States give advice on how to obtain welfare benefits. For example, *Zai meiguo sheng hio xu zhi (What You Need to Know about Life in America)*, a publication sold in Taiwan and Hong Kong and in Chinese bookstores in the U.S., includes a 36-page guide to SSI and other welfare benefits. The largest-circulation Chinese-language newspaper in the U.S., *Shijie ribao (World Journal)*, runs a regular "Dear Abby"-style advice column on SSI and other immigration-related matters.

The presence of large numbers of elderly immigrants on welfare is a violation of the spirit, and arguably the letter, of U.S. immigration law. Today, the Immigration and Nationality Act declares unequivocally: "Any alien who, within five years after the date of entry, has become a public charge from causes not affirmatively shown to have arisen since entry is deportable." The relatives who sponsored the entry of these individuals into the U.S. implicitly promised that the new immigrants would not become a burden to the U.S. taxpayer. But many, if not most, sponsors are enrolling their elderly immigrant relatives on welfare soon after the end of the three-year waiting period. Once on SSI, there is every indication that these immigrants will remain on welfare indefinitely.

Immigration should be open to individuals who wish to come to the United States to work and be self-sufficient. America has opened its doors to those who seek opportunity. However, immigration should not become an avenue to welfare dependence.

U.S. welfare programs cannot serve as a global retirement system. Most non-citizens on SSI lawfully admitted to the U.S. have relatives capable of supporting them. To have brought a relative to the U.S. in the first place, the sponsor must have demonstrated a capacity to support that relative. And most sponsors do, in fact, support their immigrant relatives for at least three years after their arrival. If the government terminated SSI benefits for non-citizens, in most cases, the family support that sustained the immigrant immediately after arrival in the U.S. simply would be resumed.

Just as Americans expect an absent parent to pay child support for his children, so too must they expect individuals who voluntarily bring elderly and near-elderly relatives to the U.S. to fully support those relatives. That obligation should be permanent and not limited to three or five years as under the current law.

The Heritage Foundation

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RESEARCH REPORT

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budget

The national debt is now $4 trillion. If Congress put one dollar every second into a special debt-buy-down account, it would still take about 130,000 years—roughly the amount of time that has passed since the Ice Age—to pay off the debt. **Stephen Moore, "If You Bought 2 Trillion Copies of This Paper . . ." *The Wall Street Journal*, February 6, 1995.**

A Budget Plan for North Carolina. The John Locke Foundation has prepared a 69-page report outlining a budget strategy for North Carolina. The authors recommend a combination of spending cuts and tax reductions to restore fiscal sanity to the state. *Fact:* Over the past twenty years, North Carolina's state budget, adjusted for inflation, grew by 115 percent, far outstripping growth in the state's population or personal income. John Hood and Don Carrington, "Changing Course: A Plan for Fiscal Responsibility and Future Prosperity in North Carolina," *Policy Report*, March 1995, John Locke Foundation.

civil rights

California Hopes to Restore True Equality. In November 1996 Californians will vote upon an initiative that would eliminate the use of "race, sex, color, ethnicity or national origin as a criterion for either discriminating against, or granting preferential treatment to, any individual or group in the operation of the State's system of public employment, public education, or public contracting." This initiative will help restore the Founding Fathers' vision of equality before the law. Edward J. Erler, "The California Civil Rights Initiative: Restoring a Colorblind Constitution," *Briefings*, February 6, 1995, The Claremont Institute.

PolicyFax #1200402

Do Quotas Work? Three black business leaders ask: Is it time to set racial quotas aside? As one of them argues: "It is time for America to acknowledge that affirmative action doesn't work. There are fatal flaws in set-aside programs, which, despite all of the good intentions, hope, and government intervention, have produced very few positive changes. If anything, the white 'backlash' to affirmative action has perpetuated the polarization of America's various ethnic groups." Ward Connerly, Daniel Colimon, and Herman Cain, "Pride and Prejudice," *Policy Review*, Spring 1995, pp. 35-7.

PolicyFax #1200403

Eighty-one percent of whites and 55 percent of African Americans believe that blacks should not receive preferential treatment for admission to colleges and universities. ***Newsweek* survey, March 23-4, 1995.**

Time to End Affirmative Action for Women. In the last thirty years women have made great strides in the workplace. But affirmative action for women causes more resentment than positive change. *Did you know:* According to the Small Business Administration, by the year 2000 women will own 40 percent of the nation's small businesses. Elizabeth Larson, "Women Don't Need Extra Help," *Insight on the News*, April 24, 1995, pp. 18, 20.

PolicyFax #1200302

crime

Abolishing Parole Will Save Lives and Money. "Leo Webb was a divinity student at Richmond's Virginia Union University who liked helping people. One of those he helped was a man named James Steele, on parole for a malicious wounding. One day in 1991, Steele entered the bakery where Webb worked part time, shot him to death, took his money, and went out partying." A new crime bill by Virginia Governor George Allen, author of this article, abolished parole, established the principle of truth-in-sentencing, and increased as much as fivefold the amount of time that violent offenders will actually spend in prison. Gov. George Allen, "The Courage of Our Convictions: The Abolition of Parole Will Save Lives and Money," *Policy Review*, Spring 1995, pp. 4-7.

Getting Tough Works. "States must reform their justice systems to ensure that the interests of the law-abiding are paramount. This means, first and foremost, that prison capacity must be sufficient in each state to imprison every violent and repeat offender and to keep them for terms more closely approaching the sentences imposed." *Did you know:* Each day in America, 65 people are murdered, 299 women are raped, 1,842 people are robbed, and more than three thousand people will be the victims of an aggravated assault. *The Report Card On Crime and Punishment*, October 1994, ALEC Foundation.

Should Canadians Consider Gun Control? Dismissing arguments for gun control in Canada, this report holds many lessons for those who would restrict gun ownership here in the U.S. "Gun control is not crime control. The government's gun control proposals will not reduce violent crime, suicide, or firearms accidents. This pessimistic evaluation is supported by the failure of a variety of gun-control measures around the world to improve public safety." Gary Mauser, "Gun Control Is Not Crime Control," 1995, The Fraser Institute.

States Relax Concealed Weapons Laws. Americans everywhere fear increasing crime and call for reform. States across the country are loosening their concealed weapons laws. *Did you know:* Since Florida relaxed its concealed weapons laws, the state's homicide rate has decreased 29 percent. David Van

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Biema, "License to Conceal," *Time*, March 27, 1995, pp. 26-9.

Taking Responsibility for Crime. Contributors to this scholarly but very readable collection of articles on crime and individual responsibility include some of the country's leading experts on criminal justice issues. The authors counter the claim that society is to blame for an individual's propensity to engage in criminal behavior. They assert, rather, that "individuals are responsible for what they do, and thus should be held responsible for harm they do to others." Robert James Bidinotto, ed., *Criminal Justice: The Legal System vs. Individual Responsibility*. Irvington-on-Hudson, NY: The Foundation for Economic Education, 1994.

economy

A Mega-Bad Idea. Michigan Governor John Engler has proposed creating a new state agency, the Michigan Economic Growth Authority (MEGA), that would grant selective tax credits as a means of defense against other states that attempt to lure away Michigan jobs, and as an incentive for certain out-of-state businesses to expand or relocate in Michigan. "MEGA is a severely flawed proposal that would . . . discriminate against small businesses and retail businesses, increase the costs of state government, hinder further across-the-board tax reform, and set a dangerous precedent for discretionary state-level tax policy." Martin M. Wing, Robert Fish, and Joseph P. Overton, "MEGA Industrial Policy: An Analysis of the Proposed Michigan Economic Growth Authority," March 1995, The Mackinac Center for Public Policy.

education

Comparing Public and Private Schools in Texas. The San Antonio-based CEO America is a foundation that offers private education vouchers to low-income students. A new study issued by the Texas Public Policy Foundation uses the results of the CEO America program—as well as empirical evidence and the examples of other choice programs around the country—to answer objections raised by school choice critics. *Fact:* Seventy-three percent of low-income parents participating in the CEO America program cited academics or discipline and safety as their number one reason for wanting to leave their public school. J. Chrys Dougherty and Stephen L. Becker, "An Analysis of Public-Private School Choice in Texas," Winter 1995, Texas Public Policy Foundation.

Don't Federalize Education. President Clinton's efforts to reform education at the national level are reminiscent of the Great Society school reform programs of the 1960s. Such "reform" would remove control from education consumers and elected officials and would impose bureaucratic control by "education experts." True education reform can only be accomplished at the state and local levels and with emphasis on high academic standards and tests that measure mastery of core subjects. Bruno V. Manno, "In the Image of the Great Society: Reinventing K-12 Education in the Clinton Administration," *Hudson Briefing Paper*, March 1995, Hudson Institute.

> "Since 1945, the number of school districts has been consolidated from over 100,000 to just 15,173 school districts in 1992. Instead of locally run, the public school system has become more and more centralized, with power in the bureaucracy, not the community. State and federal education dollars carry layers of regulations and conditions. For example, the California State Education Code is over 6,000 pages long. In Indiana, a much smaller state, all state education codes amount to 1,250 pages." **The Center for Education Reform, *The School Reform Handbook: How to Improve Your Schools*, p. 39.**

How to Improve Your Schools. This comprehensive but easy-to-read manual is a guide to school reform for parents, legislators, and anyone else who is concerned about the decline of our educational system. According to a 1994 Phi Delta Kappa/Gallup poll, over 90 percent of those polled believe that traits such as democracy, honesty, patriotism, moral courage, and the Golden Rule should be taught in school. Jeanne Allen with Angela Dale, *The School Reform Handbook: How to Improve Your Schools*, 1995, The Center for Education Reform.

PolicyFax #2172401

Minnesotans Speak Out about Education Reform. Six hundred Minnesotans, including many parents, were recently gathered and asked a series of questions about their views on public education and how they think it should be improved. The results of this informal survey, sponsored by *Project Listen*, provide valuable insights into America's public school problems. *For example:* Seventy-three percent of those polled who work in public schools agreed or strongly agreed that fundamental changes in our public schools need to be enacted now. *Project Listen: What Ordinary Minnesotans Think about Education Reform*, March 1995. Contact The Choice in Education Foundation, 1821 University Avenue West #305, St. Paul, Minnesota 55104.

> The New York City public school system has 250 times as many administrators as the New York Catholic school system—six thousand versus 24—even though the public schools have only four times as many students. **The REACH Alliance, March 15, 1995.**

Private Vouchers Take Off. The movement to establish privately funded school vouchers is expanding by leaps and bounds. CEO America, for example, an Arkansas-based foundation, now provides vouchers to disadvantaged children in 19 cities, with many more locations to come. Ten thousand children currently receive such private vouchers—and another 12,000 are on the waiting list. K.L. Billingsley, "CEO America," *Report Card*, Vol. 1, No. 2. Contact the Center for the Study of Popular Culture, P.O. Box 67398, Los Angeles, CA 90067.

PolicyFax #2184407

126-Year-Old School Choice Model. "Since 1869, Vermont has had an educational choice system for students from towns that do not maintain their own public schools or belong to union school districts. In 74 of Vermont's 246 towns, representing about 18 percent of the state's high school population, the town school board pays tuition for high school pupils to attend any public or approved private secondary school their parents choose." Written by a former Vermont state senator. John

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McClaughry, "Educational Choice: It Really Works in Vermont," *Perspective*, March 22, 1995, The Heartland Institute.

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environment

Better Ways to Clean the Air. The Employee Commute Options (ECO) provisions of the Clean Air Act of 1990, which mandate that employers in some regions document and administer programs designed to reduce the number of employees who drive to work alone, are both ineffective at improving air quality and costly compared to market-based alternatives. A better approach, congestion pricing—charging drivers variable fees depending on the amount of traffic on the road at any given time—is one such cost-effective alternative. Kenneth P. Green, "Looking beyond ECO: Alternatives to Employer-Based Trip Reduction," *Policy Study* No. 185, March 1995, Reason Foundation.

> Arizona has implemented a new method of automobile emissions testing. The $2.7 million technology uses infrared beams to measure car exhaust fumes for pollutants. At the same time, a camera snaps a picture of the vehicle's license plate number. If a car's pollution level is excessive, "the owner is sent a warning by mail along with advice on how to minimize exhaust output. If the same vehicle again is caught by infrared 'cops' within one year, the owner must take it to an inspection station for a more thorough test." **Governing, April 1995.**

Of Mice and Men. Environmentalists are quick to label many chemicals as carcinogens because rodents develop cancer when injected with enormous amounts of the chemicals. Although rodent testing remains very useful to humans, it is important to remember that "mice are not little men." Just because a rat develops cancer from massive doses of a chemical, we cannot simply assume that a human will develop cancer from moderate to tiny doses of that chemical. Dr. Elizabeth M. Whelan, "RATS! A Modest Proposal for New Members of Congress," *Priorities*, p. 4, American Council on Science and Health.

Reforming Risk Regulation. The Center for Risk Analysis at Harvard University has released this report on risk-regulation reform. The distinguished panel of experts who prepared this study conclude that the regulatory process tends to overreact to small and speculative risks while leaving larger and more certain risks unattended. That results in unnecessary death and illness, preventable harm to the natural environment, and wasted economic resources. This report presents four recommendations to legislators for risk reform. *Reform of Risk Regulation: Achieving More Protection at Less Cost*, March 1995. Contact the Center for Risk Analysis, Harvard School of Public Health, 718 Huntington Avenue, Boston, MA 02125.

Rethinking the Safe Drinking Water Act. In 1974 Congress passed the Safe Drinking Water Act in an effort to improve and standardize water quality. Over the past decade, however, regulations have increased with little reduction in contamination. And costs to state and local governments have skyrocketed: according to EPA, by the year 2000, on average, "households will have to pay an additional $100 (in 1986 dollars) annually in user charges and fees for locally provided environmental services." W. Michelle Simmons, "Rethinking the Safe Drinking Water Act," February 1995. Contact the Center for Policy Studies, 201 Sirrine Hall, Clemson University, Clemson, SC 29634-1330, 803/656-1346.

Risk, Science, and the Law. Phantom risks are risks that are suspected but unproven and perhaps unprovable. Yet such cases—cancer from low-intensity magnetic fields, for example—are the basis for countless lawsuits. This book examines the problems involved in assessing subtle environmental or occupational risks, as well as the havoc those problems create in the courtroom. Contributors to this volume include some of America's top scientists, legal scholars, and medical experts. Kenneth R. Foster, David E. Bernstein, and Peter W. Huber, eds., *Phantom Risk: Scientific Inference and the Law*. Cambridge, Mass.: MIT Press, 1993.

Stop Expanding Environmental Crimes. The idea that Americans must sacrifice their constitutional rights to "save the earth" has been gaining currency in legislatures and courtrooms for 25 years. That dangerous trend must be reversed. If we do not stop allowing legislators and judges to make exceptions to time-honored principles, the Bill of Rights will eventually be emptied of all content. Timothy Lynch, "Polluting our Principles: Environmental Prosecutions and the Bill of Rights," *Policy Analysis*, April 20, 1995, Cato Institute.

The Other Side of Recycling. Is it possible to overrecycle? Yes, if the costs outweigh the benefits to be gained. New York City, for example, is cutting funding for police, schools, and transit services as it struggles to close a budget deficit of $2.7 billion. To reach its arbitrary goal of a 25 percent recycling rate, New York would need to spend more than $177 million. That doesn't seem to be the best use of a city's scarce funds. Judd Alexander, "Time for a New Look at Recycling," *Perspective*, April 11, 1995, The Heartland Institute.

PolicyFax #2377101

> According to the Center for Media and Public Affairs, three out of four environmental leaders would increase taxes to protect the environment, compared with only one-third of the general public. **S. Robert Lichter, "Liberal Greens, Mainstream Camouflage," *The Wall Street Journal*, April 21, 1995.**

Send Superfund to the States. "Launched in response to the hysteria about Love Canal and given the mission of cleaning up abandoned hazardous-waste sites, Superfund has bankrupted hundreds of small companies and threatens thousands more in an increasingly pointless attempt to make dirt edible. The only parties that have 'cleaned up' have been the lawyers." *Did you know:* The average Superfund project costs about $30 million and lasts 12 years? It's time to abolish Superfund and let the states handle their hazardous waste cleanup. Jerry Taylor, "State Cleanups Are Cheaper and Faster," *Insight on the News*, May 1, 1995, pp. 18, 20-1.

Time to Reform Superfund. Current hazardous-waste liability law has placed the responsibility for site cleanup on innocent parties, unfairly allocated costs, and imposed large liability where there is no fault. With only a small portion of Superfund sites having been cleaned up since 1980, Congress must recognize that the current approach does not work. What we need is a complete overhaul of the Superfund program. Kathleen Segerson, "Redesigning

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CERCLA Liability: An Analysis of the Issues," *Policy Study* No. 187, April 1995, Reason Foundation.

Revising the Endangered Species Act. The Endangered Species Act does not need massive changes, but it does need a few fundamental ones. Several key reforms would be to implement "takings" legislation and to introduce methods of compensation for landowners who protect endangered species. Richard L. Stroup, "The Endangered Species Act: Making Innocent Species the Enemy," *PERC Policy Series PS-3*, April 1995, PERC.

Breaking Ranks with Environmentalists. A founder of Greenpeace breaks ranks with and reflects upon the environmental movement. "The eco-extremists who have taken control of the nation's leading environmental organizations must shoulder the blame for the anti-environmentalist backlash now taking place in the U.S. and elsewhere." Patrick Moore, "Hard Choices: Environmentalists and the Forests," *Policy Study*, April 7, 1995, The Heartland Institute.

PolicyFax #2316302

family

Is Alabama's Society in Decline? In 1993, William Bennett issued his *Index of Leading Cultural Indicators*. Following Dr. Bennett's lead, the Alabama Family Alliance has issued its index of leading cultural indicators for Alabama. This study reveals that serious social decline has occurred and continues unabated in the state. *Did you know:* In 1992, 33 percent of all Alabama births were to unwed mothers. *The Alabama Index of Leading Cultural Indicators*, 1994, The Alabama Family Alliance.

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A white woman who grows up in a single-parent family is 164 percent more likely to have an illegitimate child; 111 percent more likely to bear a child while she is still a teenager; and (if she eventually does marry), 92 percent more likely to get divorced. **Irwin Garfinkel and Sara S. McLanahan, *Single Mothers and their Children: A New American Dilemma.***

Making Adoption Easier. There are thousands of children who are in need of adoption, as well as thousands of parents who would love to be adoptive parents. So why is adoption such a complicated, laborious, and expensive process? *A five-step solution:* 1) Make the best interests of the child the basic legal criterion for adoption; 2) Reduce the legal complexity governing adoption; 3) Fundamentally change the way the public views adoption; 4) Put adoption on an equal footing with reproductive technology; and 5) End the connection between adoption and money. Judith D. Vincent, "Reforming Adoption: Putting Children First," March 1995, Center of the American Experiment.

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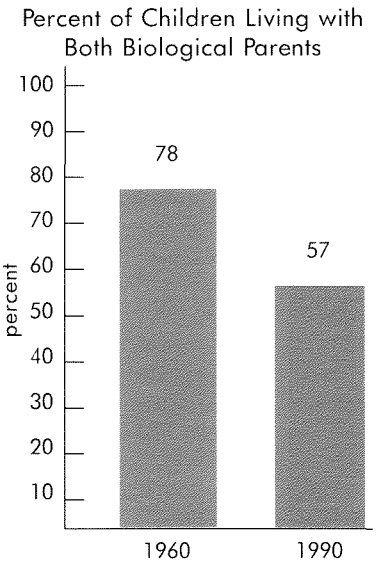

William J. Bennett, The Index of Leading Cultural Indicators *(1993)*

If the federal government gave all the money it spends on welfare directly to the poor, each family of four would receive more than the average American family income. **Family Research Council, 1995.**

governing

An Ohio Policy Agenda. The Buckeye Center has issued 25 proposals for improving Ohio government and quality of life. The proposals address such issues as fiscal policy, education, health care, welfare and poverty, and environmental policy. *One welfare reform proposal:* Establish a 110 percent tax credit to encourage private social welfare programs. Such a proposal would enable Ohioans to deduct from their total tax bill $1.10 for every $1 they give to a private, nonprofit social welfare agency, to a maximum of 15 percent of their tax bill. "A Policy Agenda for Ohio Policy Makers," February 1995, The Buckeye Center for Public Policy Solutions.

An Agenda for Colorado. The Independence Institute has put together a thick policy reform agenda for Colorado. The topics addressed include welfare, education, health care, tax policy, the environment, and many others. This document will be valuable to concerned Coloradans, as well as to anyone else concerned about the direction in which their state is headed. *Colorado in the Balance*, January 1995, Independence Institute.

Contract With California. Modeled after House Republicans' Contract With America, The Claremont Institute has set forth an agenda for California government. Among the reforms: requiring a balanced state budget, downsizing the state bureaucracy, replacing California's income tax system with a constitutionally limited flat-rate tax, and restoring California's legislature to a part-time body. Tom McClintock, "Contract With California: Charting a New Course for California Government," *Briefings*, March 20, 1995, The Claremont Institute.

Gerrymandering Has Backfired. Gerrymandering, or the artificial manipulation of election districts to achieve racial or political goals, hasn't accomplished what supporters of affirmative action had hoped would happen. "After 1994, Republicans received handsome rewards while black Democrats were becoming an increasing numerical force within the minority party. The replacement of moderate white Democrats with conservative Republicans, even with the addition of a few African American legislative seats, bodes ill for the ability of African American legislators to find the allies they need to achieve their policy goals." Charles Bullock, "Affirmative Action Districts: In Whose Faces Will They Blow Up?" *Campaigns & Elections*, April 1995, pp. 22-3.

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It Wasn't Always That Way. Republicans frequently complain that government programs cost too much. But when Republicans use that argument, they miss the best argument of all for limiting government. They instead should have been asking the question: Where is the authority under the Constitution for Congress to spend money on midnight basketball, modern-dance classes, self-esteem training, and the construction of swimming pools? Stephen Moore, "The Unconstitutional Congress: The GOP Misses the Best Argument for Limiting Government," *Policy Review*, Spring 1995, pp. 22-7.

PolicyFax #0865404

Legislative Issues . . . in Brief. The American Legislative Exchange Council has prepared a two-volume collection of two-page *Legislative Issue Briefs*. Anyone working in public policy will find this to be an extremely valuable reference manual, as it addresses a wide range of policy issues—from welfare reform to environmental policy, educational choice to health care reform . . . and much more. In addition to providing a 38-page bibliography, the second volume includes 130 pages of useful charts and graphs. *For example:* In 1992 Delaware ranked highest in the nation in total crime incarceration rates, up from 47th in 1960. *Legislative Issue Briefs* (2 vol.), third edition, January 1995, American Legislative Exchange Council.

Reclaiming South Carolina's Legacy. The South Carolina Policy Council has released a 184-page guide to revamping the state's public policies. The authors of this volume—academics, state legislators, business leaders, and other policy experts—address such topics as tax policy, educational choice, crime prevention, health care reform, unfunded mandates, protection of property rights, and much more. Thomas G. Moore, *Reclaiming the Legacy: A New Public Policy Agenda for South Carolina*, 1995, South Carolina Policy Council.

Separation of Powers Works Fine in California. For the last year a California commission has been quietly working to determine if the state should adopt a unicameral, parliamentary form of government. But that is a bad idea that should be scrapped. "Before radically altering the structure of its government, Californians should first return to the foundations of our constitutional republic and repair the damage that generations of well-intentioned tinkering and political ambition have done to the system." Tom McClintock, "California's Constitution Revision Commission: Returning to the Fundamentals?" *Briefings*, February 27, 1995, The Claremont Institute.

We Need *Real* Term Limits. Term limits were one of the most popular components of the GOP's Contract With America. However, now that Republicans are in control, term limits are the part of the contract that Republican leaders seem most eager to forget. Even though a recent national poll revealed that 82 percent of Americans prefer the idea of a three-term limit for House members, few Republican leaders are willing to consider anything other than a six-term limit. Doug Bandow, "Real Term Limits:

Revitalizing "Public" Education

by Joseph Walsh

There is no more important issue today than the education of our children. Who could possibly disagree that our society—crippled by gang violence, teen pregnancy, and welfare dependency—would experience a Renaissance if every child received a quality education?

Twenty years of research affirm the close relationship between a child's education level and his propensity to engage in crime, be dependent on welfare, use drugs, and live in poverty. It is clear that the surest and most comprehensive way to improve the quality of life in Illinois and in every other state is to properly educate *all* of our children. It is equally clear that we have no time to lose.

How do we go about revitalizing public education? First, we must redefine it. Public education is about teaching the members of a community: its children, teenagers, and adults. It's about providing the best possible education for the greatest number of students. Schools need not be owned and operated by the government to provide that public service. In many communities, private and church-affiliated schools provide most of the "public" education taking place.

Second, we must wrest control and responsibility in education away from administrators, bureaucrats, and teachers unions, and return it to parents, families, and communities. Why? Because parents care more about their children than anyone else does. Because parental involvement in a child's education follows parental empowerment. And because, over time, government bureaucracies become top-heavy, wasteful, and unaccountable to parents.

In the past eight months I have traveled throughout Illinois to meet with business leaders, activists, educators, parents, and policymakers—thoughtful individuals representing nearly every political viewpoint, racial and ethnic group, and economic background. I asked each of them: Who should decide where a child attends school? I have yet to meet someone who answered anything other than "the parent."

The way to return power to parents and local communities is through school choice: giving tax dollars to parents in the form of a scholarship or "voucher" and allowing them to purchase tuition at the schools of their choice, whether government-run or privately supported.

Redefining public education and empowering parents must start immediately. Parents who can't afford to pay twice for their children's education are forced to send their children to the local public school. Some of these schools have teachers who are unable to read at the fifth grade level. Some have seen nine-year-old children shot in the school hallways. Others teach "self-esteem" and "diversity" rather than core academic subjects. Many schools in Chicago are so bad that five out of ten students never graduate; of those who do, half leave school as functional illiterates. That isn't public education. It is more like punishment of the innocent, the result of bureaucracies that put their own survival before the best interests of the children.

Unwilling to sit idly by as yet another generation of students is irreparably harmed by their public schools, I helped to found the Prairie State Initiative (PSI). PSI is a grassroots movement of voters, parents, and taxpayers who believe that public education in Illinois must focus on children (not schools), and that parents (not bureaucrats, government administrators, or teachers unions) have the right and responsibility to direct the education of their children.

If you believe in those two principles, please join our movement. We are holding hearings around the state. We publish a monthly newsletter. We are signing up enthusiastic members from Chicago to Carbondale. PSI has sparked an unprecedented movement to demand that our policymakers change the way we educate our children.

There is no greater threat to our quality of life than the millions of children who are too poorly educated to become productive members of society. Please join us as we do our best to save them.

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Joseph Walsh is executive director of the Prairie State Initiative. For more information about PSI, call him at 708/202-9860.

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Now More than Ever," *Policy Analysis*, March 28, 1995, Cato Institute.

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health care

Anti-Discount Is Anti-Consumer. States across America are considering anti-discount legislation—legislation that would prohibit drug manufacturers from selling drugs at discount rates to certain health care providers unless the same price is offered to all customers. But such legislation is anti-free market and would hurt consumers. "Anti-Discount Pricing of Pharmaceutical Products: An Anti-Consumer Policy for Health Care Reform," *The State Factor*, April 1995, American Legislative Exchange Council.

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Challenges to the Environmental Movement

by Joseph L. Bast

***The* True *State of the Planet*,** edited by Ronald Bailey (New York: The Free Press, 1995), $15.00

***Saving the Planet with Pesticides and Plastic*,** by Dennis T. Avery (Indianapolis: Hudson Institute, 1995), $12.95

The modern environmental movement began with a book. *Silent Spring*, written by Rachel Carson and published in 1962, convinced millions of Americans that "toxic chemicals" contaminated the air they breathed, the water they drank, and the food they ate. Other books soon followed, repeating and expanding these themes. From these seeds grew a movement so enormous and powerful that it is accurately called the largest and most successful social movement in American history.

Thirty-two years after the publication of *Silent Spring*, books are once again playing a major role in the environmental movement. This time, however, they are threatening the movement's most cherished assumptions, myths, and exaggerations. Two new books are especially noteworthy.

The first, *The* True *State of the Planet*, edited by Ronald Bailey, presents chapters on global warming, cancer, forestry, and seven other environmental issues written by some of the world's leading experts. Although every chapter is good, those by Roger Sedjo on forests, Bruce Ames and Lois Swirsky Gold on cancer, and Robert C. Balling, Jr. on global warming are so good that they set the standard for all future scholarship on these topics.

The True *State of the Planet* was deliberately given a title and a format similar to Lester R. Brown's *State of the World*, an annually updated report released by Worldwatch Institute and used in college courses across the country. Issuing such an "in your face" challenge to one of the environmental community's most revered scholars sounds risky. In fact, *The* True *State* is so vastly superior to Brown's latest edition that this reader, for one, was left feeling sorry and embarrassed for Mr. Brown. Everything about *The* True *State*—the credentials of its authors, the scholarship of its endnotes, its statistical appendix, even its cover design—is not just better than *State of the World*, but much, much better. Let's hope enough college professors take note in time to cancel their standing orders for *State of the World*.

Speaking of "in your face" challenges, the title of Dennis Avery's book—*Saving the Planet with Pesticides and Plastic*—provides a not-so-subtle hint of what's inside. Avery is a senior fellow at the Hudson Institute specializing in international agriculture. His book is a devastating assault on the likes of Jeremy Rifkin, Al Gore, Helen Caldicott, and other eco-extremists. Best of all, Avery does it with a wit and cleverness that is often lacking in the debate over environmental policies.

Avery documents how pesticides, genetic engineering, and other innovations have virtually eliminated the prospect of mass starvation in the foreseeable future (unless civil war or government corruption contravene technological advances). Moreover, by enabling man to grow more food on fewer acres, the new technologies free millions of acres of marginal land for wildlife habitat.

These two new books present a formidable challenge to environmental orthodoxy. Together, they provide a comprehensive education in the latest and best research on a wide range of environmental controversies. How the media and the environmental establishment respond to them will tell us much about the integrity of both.

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Joseph L. Bast is president of The Heartland Institute and coauthor, with Peter J. Hill and Richard C. Rue, of *Eco-Sanity: A Common-Sense Guide to Environmentalism* (Lanham, MD: Madison Books, 1994).

Californians Said "No" to Government Health Care. Last November Californians rejected by a margin of nearly three to one Proposition 186, a proposal that would have established a Canadian-style, single-payer health care system. Dr. Rita Ricardo-Campbell, senior fellow at the Hoover Institution and a prominent health care expert, explains why Californians rejected the proposal so convincingly. Rita Ricardo-Campbell, "California's Resounding 'No,'" *Viewpoints*, April 1995, Hoover Institution.

PolicyFax #3212108

Health Care Depends upon Innovation. Few people appreciate how important innovation and technology are to a system of advanced medicine such as ours. The Health Care Technology Institute has prepared this reference manual that provides an overview of medical technology innovation in a rapidly changing marketplace. *Did you know:* In 1993 U.S. research and development in the health care industry amounted to 6.8 percent of sales, as opposed to just 3.8 percent of sales for all industries? *1995 Reference Guide for the Health Care Technology Industry*. Contact the Health Care Technology Institute, 225 Reinekers Lane #220, Alexandria, VA 22314, 703/739-9437.

Where Next for Health Care Reform? National health care's defeat in 1994 was welcome news to those who feared excessive government involvement. But our health care system is still in desperate need of reform. How should we proceed? With a three-prong approach: 1) Reform Medicare and Medicaid; 2) Eliminate incentives for employers to provide low-deductible insurance; and 3) Eliminate state mandates. According to the National Center for Policy Analysis, as many as 25 percent of those without health insurance would have insurance if it weren't for state mandates—for example, Massachusetts's mandated coverage of sperm bank deposits. David R. Henderson, "Lessons from the Health Care Defeat: Reform Must Make Economic Sense," *Contemporary Issues Series* 69, November 1994, Center for the Study of American Business.

Is There a Cancer "Epidemic"? The media and many advocacy groups would have the American public believe that the U.S. is in the midst of a cancer "epidemic." These groups perpetuate the myth that there has been a sudden surge in new cancer cases and deaths and that unknown environmental agents are the cause. But cancer is no more of a threat now

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than in the past, and, in many cases, cancer is less threatening than it has ever been. *Update: Is There a Cancer Epidemic in the United States?* February 1995, American Council on Science and Health.

Managed Care Won't Fix Medicaid. Many states have embraced managed care as the answer to rising Medicaid costs. But managed care typically reduces costs by cutting back services. For example: A recent survey found that 93 percent of TennCare—Tennessee's managed care plan—physicians were unable to prescribe at least one drug because it wasn't on the state's formulary. Brant S. Mittler, M.D. and Merrill Matthews, Jr., "Can Managed Care Solve the Medicaid Crisis?" *Brief Analysis*, April 10, 1995, National Center for Policy Analysis.

PolicyFax #3252103

MSAs Made Simple. Medical Savings Accounts are the hottest new health care reform proposal. This comprehensive study by the Evergreen Freedom Foundation persuasively argues the case for MSAs. Golden Rule Insurance Co., which has offered its employees the option of MSAs for years, reports a 98 percent satisfaction rate with the program. "Medical Savings Accounts: A Building Block for Sound Health Care," March 1995, Evergreen Freedom Foundation.

Medical Savings Accounts Really Work. Medical Savings Accounts are more than an intriguing theory of how to reduce health care costs; they really work in practice. Employees of the Virginia company Dominion Resources save almost $500 per year, while the company's health care costs have risen only 1 percent per year since 1989, compared to 20 percent per year for other Virginia businesses. Peter J. Ferrara, "More than a Theory: Medical Savings Accounts at Work," *Policy Analysis*, March 14, 1995, Cato Institute.

PolicyFax #3253303

Suing the FDA. Seven thousand people die every year because the Food and Drug Administration hasn't approved the Ambu CardioPump, a CPR device that is available in just about every other industrialized country. Rapid drug approval is risky, but the FDA is killing even more people by refusing to approve new treatments quickly enough. Alexander Volokh, "Clinical Trials: Beating the FDA in Court," *Reason*, May 1995, pp. 22-9.

Tennessee Experiments with Managed Competition. Tennessee, with its new TennCare medical program, is among the first of many states to establish a new program inspired by "managed competition" principles. But the "overriding concern is that TennCare illustrates the inherent defects found in any government-sponsored managed care/managed competition program." Rather than adopt a health care system like Tennessee's, other states should embrace more market-oriented reforms. Terree P. Wasley, "TennCare: Health Care Reform Dream or Disappointment," *State Backgrounder*, February 28, 1995, The Heritage Foundation.

labor

Minimum Wage Increase Would *Increase* Poverty. President Clinton has proposed to increase the minimum wage from $4.25 to $5.15 per hour. But distinguished economists Richard Vedder and Lowell Gallaway argue that such a proposal would not be helpful; it would, in fact, increase unemployment and poverty—particularly among teenagers and low-income Americans. *Fact:* After an increase in the minimum wage to $3.80 in 1990 and $4.25 in 1992, the poverty rate climbed from 12.8 percent to 14.5 percent. Richard Vedder and Lowell Gallaway, "Should the Federal Minimum Wage Be Increased?" *NCPA Policy Report* No. 190, February 1995, National Center for Policy Analysis.

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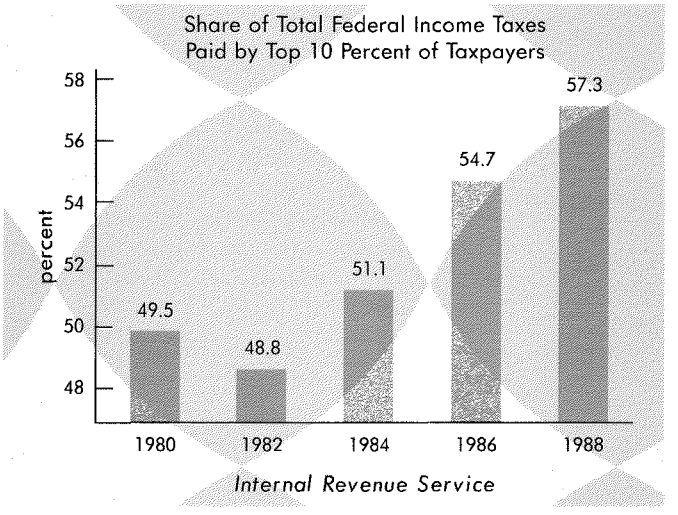

Right-to-Work Raises Living Standards. On average, residents of metropolitan areas in states without Right-to-Work laws pay 24.5 percent more for food, housing, health care, transportation utilities, property taxes, and college tuition than in Right-to-Work states. James T. Bennett, "A Higher Standard of Living in Right-to-Work States," 1994, National Institute for Labor Relations Research.

The average tenured federal employee receives 34 days of paid vacation (including holidays). State and local government employees receive an average of 30.9 days. Private sector employees, meanwhile, receive an average of only 21. **American Legislative Exchange Council, April 1994.**

The Link between Government and Unemployment. When government takes a back seat and markets are allowed to flourish, unemployment generally remains low. Such has been the case throughout most of the twentieth century. Economist Richard Vedder provides a historical perspective of unemployment rates and the degree to which government policies help create them. *Did you know:* By most measures a 1920-21 depression was more severe than the Great Depression of 1929, but the earlier downturn was short-lived, largely due to a deliberate policy of governmental nonintervention. Richard Vedder, "Unemployment and Public Policy in Historical Perspective," *Occasional Paper* 149, March 1995, Center for the Study of American Business.

PolicyFax #2200402

philanthropy

Charity Is a Better Way. Welfare reform is a hot topic these days. But before there was wel-

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fare, there was charity. This book from the Capital Research Center features twelve reports of remarkable individuals and organizations who provide society's *real* safety net. There is a lesson to be learned here: True welfare reform must go beyond handouts; it must recognize the dignity and self-worth of every individual. Marvin Olasky, ed., *Loving Your Neighbor: A Principled Guide to Personal Charity*, 1995, Capital Research Center.

privatization

Private Ports Provide Profits. Many states and localities are discovering the rebirth of the port—by leasing it out to private firms. "The port of Miami is booming, contributing $7 billion a year to the local economy. It is a godsend to the city. But the city has remarkably little to do with running it. Local government is nothing more than a landlord, leasing out two-thirds of its docks to two private operators . . . and the rest to independent stevedoring firms." Andre Henderson, "The Ports Go Private," *Governing*, April 1995, pp. 37-8.

regulation

Monopoly No More. It is time for state electric power industries to be stripped of their monopoly status. The United States should follow the lead of countries like Great Britain, Chile, and New Zealand, all of whom have made great strides in privatizing and deregulating their utilities. Vernon L. Smith, "Regulatory Reform in the Electric Power Industry," *Issue Analysis*, March 1995, Goldwater Institute.

taxes

A Brief Guide to the Flat Tax. Many experts—most notably U.S. House Majority Leader Richard Armey (R-Texas)—have proposed replacing America's progressive income tax with a flat rate tax. "The current income tax punishes the economy, imposes heavy compliance costs on taxpayers, rewards special interests, and makes America less competitive. A flat tax would reduce these ill effects dramatically. Perhaps more important, it would reduce the federal government's power over the lives of taxpayers." Daniel J. Mitchell, "A Brief Guide to the Flat Tax," *Heritage Talking Points*, March 22, 1995, The Heritage Foundation.

PolicyFax #8024401

Are the Rich Overtaxed? By the time Ronald Reagan left office the top federal tax rate was 28 percent—its lowest level since the 1920s. But there is increasing evidence that the lower rates actually increased the amount and share of taxes paid by the rich. Between 1980 and 1988, the wealthy saw their marginal tax rate fall by 60 percent, while they paid almost 19 percent more in gross federal taxes. Bruce Bartlett, "Tax Cuts and the Rich," *Brief Analysis*, April 12, 1995, National Center for Policy Analysis.

PolicyFax #8036105

Don't Trust the IRS. Did you know that the IRS telephone taxpayer assistance program provides about 8.5 million Americans the wrong answers to even the most basic inquiries about the tax laws? The IRS cannot be trusted and should be abolished; we should replace the income tax with a national sales tax. Daniel J. Pilla, "Why You Can't Trust the IRS," *Policy Analysis*, April 15, 1995, Cato Institute.

PolicyFax #8036301

The ABCs of Taxes. This primer on taxes should be the first place legislators turn when formulating tax policy. Among the issues that this document addresses are the flat tax, the importance of capital, deficit spending, and many others. *Tax Briefing Book*, 1995, National Center for Policy Analysis.

telecommunications

Deregulating Telecommunications. This five-part series from The Heritage Foundation provides a blueprint for deregulating America's telecommunications sector. *A four-step approach to ensure real telephone competition:* 1) remove all remaining restrictions on long-distance carriers; 2) allow the Baby Bells to enter the long-distance and equipment manufacturing markets without restrictions or delays; 3) establish an "open access" policy to ensure all providers have access to consumers during the transition to a more competitive market; and 4) eliminate all corporate telecom entitlements. Adam D. Thierer, "A Policymaker's Guide to Deregulating Telecommunications," *Heritage Talking Points*, 1995, The Heritage Foundation.

How Do the States Rate? Although many states have explored telecommunications policy reform in recent years, most have a long way to go in deregulating markets and introducing competition. This study from the Citizens for a Sound Economy Foundation grades each state on its telecommunications policy and the extent to which each state has embraced deregulation. *For example:* Michigan and New York rated most highly, while Arizona and Arkansas fared worst. Wayne Leighton, "The State of the States: A Consumer Report Card on Telecommunications Policy," *Issues and Answers*, March 16, 1995, Citizens for a Sound Economy Foundation.

trade

Expanding Free Trade. "The Clinton Administration has committed the United States to expanding NAFTA by extending membership first to Chile and then to other countries in Asia and the Americas as quickly as possible. . . . Delaying these trade liberalization initiatives would be a mistake. Free trade based on fair rules of the game for all participants is the surest road to economic prosperity, jobs, and democratic stability." Robert P. O'Quinn and John P. Sweeney, "Putting Trade with Asia and Latin America on a Fast Track," *Backgrounder*, March 23, 1995, The Heritage Foundation.

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Liberalizing Farm Trade. Free trade has thrived in the past several years. Trade agreements including NAFTA and GATT have opened global markets. Now it is time for the U.S. to open global food markets. We are in a singular position to meet the world's growing demand for food, if only Congress would liberate America's farm industry and take aggressive steps to remove other countries' existing barriers to agricul-

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tural trade. Thomas J. Duesterberg, "The Urgent Need to Finish Farm Trade Reform," *Hudson Briefing Paper* No. 177, June 1995, Hudson Institute.

welfare

A Two-Step Welfare Reform Proposal. Congress finally seems receptive to the idea of *true* welfare reform. Reform of the system should be based on two key components. First, Congress should abolish all major federal welfare programs and give the money currently spent on these programs to the states in the form of "block grants." Second, taxpayers should be given tax incentives to shift that funding from state programs to private charities. Peter Ferrara, "Statement on the Welfare Reform Sections of the Contract With America," January 30, 1995, National Center for Policy Analysis.

PolicyFax #9272404

> In 1960, nearly two-thirds of households in the lowest one-fifth of the income distribution were headed by persons who worked. By 1991, that number had declined to around one-third, with only 11 percent of the heads of household working full-time all year. **National Center for Policy Analysis, 1995.**

Has New Jersey Found the Answer? Three years ago, as part of its welfare reform package, New Jersey's legislature passed a law freezing payments to mothers who have additional children on welfare. According to data from the state's Human Services Department, the number of babies born to all women on welfare declined by 13 percent when the program went into effect. Although there are still questions to be answered, it appears that New Jersey is headed in the right direction. Penelope Lemov, "The End of the Baby Bonus," *Governing*, April 1995, pp. 30-4.

Five Principles for Block Grants. Today's hottest welfare reform idea involves transferring money spent by the federal government to the states in the form of block grants. These block grants should remain constant over time: "If a state reduces its poverty population, the state should be allowed to keep 100 percent of the resultant savings. Conversely, it should pay 100 percent of the cost of its failures." John C. Goodman and Robert Carlson, "Principles for Welfare Reform: Block Grants," *Brief Analysis*, April 24, 1995, National Center for Policy Analysis.

PolicyFax #9272109

Real Welfare Reform Begins with Addressing Illegitimacy. Legislators who wish to tackle the problem of welfare reform must address illegitimacy, the key cause of dependence, crime, and many other social problems. *A three-step solution:* 1) end cash subsidies to never-married women who have children out of wedlock; 2) allow greater discretion for organizations providing aid and demand greater accountability from those receiving it; and 3) replace the current system of cash subsidies to never-married mothers with alternative forms of aid, such as fostering adoption and providing group maternity homes. George W. Liebmann, "Addressing Illegitimacy: The Root of Real Welfare Reform," *Backgrounder*, April 6, 1995, The Heritage Foundation.

PolicyFax #9272405

States and School Lunches. Democrats have fiercely criticized Republican proposals to send school lunch programs to the states. But the proposed block grants wouldn't eliminate school lunches; on the contrary, states are much more aware of the needs of their citizens than the federal government is. *Did you know:* Today's poor children grow up to be on average one inch taller and ten pounds heavier than the average nonpoor child of the same age in the late 1950s. Peter J. Ferrara and Dorman E. Cordell, "Welfare Reform: School Lunches," *Brief Analysis*, April 17, 1995, National Center for Policy Analysis.

PolicyFax #9272110

Think Tanks Advance Welfare Reform Proposals. One of today's hottest public policy topics is welfare reform. Policy research organizations on both the left and right are proposing alternatives to the failed approaches of the Great Society. This publication by the Capital Research Center summarizes the critical components of welfare reform proposals by groups such as the Child Welfare League of America, the Progressive Policy Institute, the Cato Institute, The Heritage Foundation, and Empower America. "Welfare Reform: Following the Action," *Organization Trends*, March 1995, Capital Research Center.

PolicyFax #9272406

Welfare and Teen Sex. "During the Depression, the national birthrate fell, as Americans of all stripes decided that they did not have enough money (or economic security) to bring another person into this world. The moral precept used to be that, if you could not afford children, you did not have them. . . . We must regain that moral clarity about not having children unless one has the material resources to care for them." Douglas J. Besharov, "Teen Sex, Welfare Reform, and the Politicians," January 1995, Center for the American Experiment.

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other topics

A Nation without Immigrants? Immigrant-bashing is on the rise, but has anyone stopped to think about how many areas of our economy depend upon immigrant labor? Some of the best employees of America's high-tech companies hail from India, Japan, China, Italy, Britain, France, and Eastern Europe. At AT&T's Bell Labs in New Jersey, for example, 40 percent of the researchers in the Communications Sciences Research Wing were born outside the United States. Glenn D. Garvin, "No Fruits, No Shirts, No Service: The Real-World Consequences of Closed Borders," *Reason*, April 1995, pp. 18-26.

How Free Are the Nations of the World? This comprehensive guide from The Heritage Foundation rates most of the world's nations based on the degree of economic freedom their citizens enjoy. The world's freest nation? Hong Kong, which received a score of 1.25 on a scale from 1 to 5—1 being best. The United States finished fourth, while North Korea and Cuba tied for last place. Bryan T. Johnson and Thomas P. Sheehy, *The Index of Economic Freedom*, 1995, The Heritage Foundation.

When Wal-Mart Came to Town. Residents of small communities around America have opposed the introduction of new superstores such as Wal-Mart or Home Depot. The superstores, opponents argue, are destroying the fabric of local communities by encouraging suburban sprawl. But those who criticize forget one crucial fact: people *like* these stores; that's why the stores are so successful. Nick Gillespie, "One-Shop Stopping," *Reason*, May 1995, pp. 37-44.

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